

SUMMARY ANALYSIS OF AMENDED BILL

Author: McPherson Analyst: Paul Brainin Bill Number: SB 1815
Related Bills: AB 484, SB 1523
(1997/1998) Telephone: 845-3380 Amended Date: 05-13-98
Attorney: Doug Bramhall Sponsor: See Prior Analysis

SUBJECT: Employer Child Care Credit/70% Of Costs For Facilities Serving Low-Income Children

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended April 14, 1998.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☐ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.
- ☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would increase the taxpayer's Employer Child Care Program or Facility Credit amount from 30% to 70% for a facility registering low-income children. This bill also would change the sunset date of credit for taxpayers to taxable or income years beginning before January 1, 1999, rather than 1998.

SUMMARY OF AMENDMENT

The May 13, 1998, amendment added the technical amendments proposed by this department's prior analysis. This amendment also changed the sunset date of the credit to taxable or income years beginning before January 1, 1999, and removed the definition of "primarily."

This amendment resolved the majority of the concerns raised in this department's prior analysis of this bill. The remaining concern is restated below for convenience. Except for these changes and the new revenue estimate, the remainder of the department's prior analysis still applies.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
☒ X PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Johnnie Lou Rosas 5/26/98

Agency Secretary Date

By: Date:

Implementation Consideration

In the paragraph that would allow a 70% credit amount for employer facilities serving primarily low-income households, there is no provision that would require documentation of the income of the households of the registered children, thereby causing potential audit problems. Also, it may be difficult to obtain the annual income information from the registrants.

FISCAL IMPACT

Tax Revenue Estimate

Revenue losses for this bill are estimated as follows:

Extension For Income/Taxable Years Beginning in 1998 (in millions)		
	1998-9	1999-0
Bank & Corporation Tax	(\$2.0)	(Minor)
Personal Income Tax	(0.5)	(Minor)
Total	(\$2.5)	(Minor)

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Tax Revenue Discussion

Revenue losses under the PITL and the B&CTL would depend on qualified start-up expenses for child care programs or constructing a child care facility for one additional year and the available tax liabilities of employers.

Actual tax data for the 1995 taxable/income year indicate that there were \$1.6 million in applied credits (excluding prior year carryovers). The larger credit (70% instead of 30%) for facilities predominantly used by low-income households would increase losses by less than \$500,000 annually.